



GOVERNMENT OF
NEWFOUNDLAND
AND LABRADOR

DEPARTMENT OF FINANCE
TAXATION AND FISCAL POLICY BRANCH

Bulletin No. Gas 302
Issue Date: January 2001

TAX INFORMATION BULLETIN
GASOLINE TAX ACT

The Gasoline Tax Act imposes a tax upon fuel products consumed in the province. Under the Act, fuel products include every liquid or combination of liquids, under whatever name it is known or sold, that is capable of being used for the purpose of generating power in an **internal combustion engine** whether or not the liquid or combination or a part of it is produced, derived or recovered from petroleum, natural gas, shale or coal.

A person who acquires gasoline at a retail sale in the province is required to pay gasoline tax at the following rates per liter:

Gasoline	\$0.165
Diesel	\$0.165
Propane	\$0.070
Aviation Jet Fuel	\$0.007
Marine Fuel	\$0.035

A reduced tax rate of \$0.15 per liter is imposed upon **gasoline** acquired at a retail sale in the coastal area of southern Labrador. This area extends from the border with the province of Quebec to and including the community of Red Bay.

TAX EXEMPTIONS

Point of Sale Exemptions

Gasoline consumed or used in the following circumstances is exempt from the tax imposed under the Act:

- gasoline used by a department of the provincial government for its own operations
- gasoline used in aircraft on flights that originate or terminate at locations outside of North America
- gasoline bought in bulk and exported from the province
- furnace fuel, stove oil, kerosene, propane, butane or naphtha grades of gasoline used for a purpose other than the generation of power in an internal combustion engine.

Tax Rebates

Section 20(5) of the Gasoline Tax Regulations specifies the following purposes for which the consumption of gasoline may qualify for an exemption from tax or rebate of tax paid:

- gasoline used by or on behalf of a farmer for farming purposes when used in equipment designed for farming other than gasoline used in trucks, automobiles, snowmobiles or all terrain vehicles, whether or not licensed under the Highway Traffic Act;
- gasoline used in vehicles specifically designed or modified for use in spreading or transporting agricultural liquid or slurry equipped with an enclosed tank and meeting environmental standards;
- gasoline used for logging purposes in equipment designed for the commercial cutting or harvesting of logs;
- gasoline used by loggers and saw and pulp mill operators in industrial wood chippers and debarkers;
- gasoline used within a fish plant for the curing, processing or preparation of fish or fishery products other than gasoline used in trucks, automobiles, snowmobiles or all terrain vehicles whether or not licensed under the Highway Traffic Act;
- gasoline used in stationary engines for landing fish;
- gasoline used in a vessel or boat

- registered under the Atlantic Fishery Regulations (Canada) when used by a fisher for the commercial catching of fish in accordance with the fisher's limited species licence,
 - when used for commercial transportation of fish or fishery salt,
 - when used for the cultivation or harvesting of aquatic plants or animals,
 - when operating on regularly scheduled routes in international or interprovincial trade and proceeding to a port outside the province;
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- gasoline used in equipment used directly in rock crushing, screening aggregates or producing asphalt but not gasoline used in auxiliary equipment such as trucks, power shovels, tractors, loaders and drills;
 - gasoline used by manufacturers in fixed or stationary manufacturing equipment used directly in manufacturing, but not including gasoline consumed or used for the processing or treatment of ore for the purpose of upgrading the ore;
 - gasoline used in locomotives;
 - gasoline used in equipment used directly in the generation of electricity to be fed into a public or private grid but not gasoline used in
 - equipment which produces electricity to operate that machinery or equipment, or
 - residential or recreational generating equipment other than generating equipment used as a primary source of electricity in a primary residence;
 - gasoline consumed on an exploration site in equipment used for the exploration of a mineral, other than aircraft and equipment required to be licensed under the Highway Traffic Act prior to the commencement of commercial production;
 - gasoline consumed in mining equipment prior to the commencement of commercial production in an area contained within a mining lease;
 - gasoline used by manufacturers as a raw material in manufacturing; and
 - gasoline purchased by a council and used in vehicles or equipment owned, leased or rented by the council and operated by the council but not including vehicles or equipment of contractors or employees or vehicles or equipment operated in the provision of a transportation system for fee paying passengers.

A person consuming or using fuel, **other than diesel grade product** for a purpose specified above may apply for a rebate of the tax paid by filing with the minister within 3 years from the date of payment of the tax, a gasoline tax rebate form verifying purchase and consumption together with any other information that the minister may require.

Tax Exemption Permits

A person purchasing diesel grade gasoline exempted under Section 20(5) of the Regulations must purchase *marked diesel* in order to avail of the exemption. Marked diesel fuel is dyed with a fuel marker specified under the Gasoline Tax Regulations. In order to purchase marked diesel, a person must hold a valid Diesel Exemption Permit which can be obtained by applying to the Department of Finance, Tax Administration Division. Unlike other grades of gasoline exempted under Section 20(5), **a rebate cannot be claimed for tax paid on diesel fuel.**

Diesel Exemption Permits are nontransferable. The permit may be cancelled or suspended if a person is convicted of an offence committed under the Act, or lends his or her permit to another person for the purpose of obtaining tax-exempt gasoline for consumption by that other person. A person whose permit has been suspended or canceled cannot avail of the exemption during this period.

REGISTRATION

There are two types of licences issued under the Gasoline Tax Act. A Retailer's Licence authorizes a retailer to sell or keep gasoline for sale directly to retail purchasers only at that specified outlet. A Wholesaler's licence authorizes a wholesaler to sell or keep gasoline for sale to those other than a retail purchaser. Where a business both wholesales and retails fuel products the minister may issue both a retailer licence and a wholesaler licence to that business.

A business is not required to possess a retail or wholesale licence if they sell only furnace oil, stove oil, kerosene, naphtha, butane gas, propane gas or liquefied petroleum gas for purposes other than use in the generation of power in an internal combustion engine.

Registration forms are available from the Department from the addresses below or by calling (709) 729-6386.

RECORDS AND RETURNS REQUIRED

Gasoline Wholesalers are required to maintain records and report:

- all purchases, sales, deliveries, rebrandings, transfers and losses of all grades of gasoline by that licensee in the province;
- sales and deliveries by the licensee to points outside the province;
- sales and deliveries of tax-exempt gasoline; and
- quantities on hand and quantities used in the province by that licensee, and a licensee shall make returns to the minister in the form, in the manner, and at the time prescribed by the regulations.

Wholesalers are required to file a monthly fuel collector summary form by the 20th day of the following month.

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Disclaimer: These bulletins are prepared as guidelines and interpretations of the statutes. Where a conflict between the bulletins and statutes arise, the statutes will take precedence.